

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF UNIT AGREEMENT FOR  
THE DEVELOPMENT AND OPERATION OF THE CARRIZOZO  
UNIT AREA, LINCOLN AND SOCORRO COUNTIES, NEW  
MEXICO

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TO THE NEW MEXICO OIL  
CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Comes the undersigned, Standard Oil Company of Texas, with offices at Houston, Texas, and files herewith three copies of a proposed Unit Agreement for the development and operation of the Carrizozo Unit Area, Lincoln and Socorro Counties, New Mexico, and respectfully requests that said Unit Agreement be approved and in support thereof shows:

1. That the unit area comprises 45,223.09 acres situated in Townships 6, 7 and 8 South, Ranges 8 and 9 East, New Mexico Principal Meridian, as will more particularly appear by the plat attached to the copy of the proposed Unit Agreement filed herewith as Exhibit A and made a part hereof by reference. That of the lands embraced in the proposed Unit area 37,361.23 acres are Federal Lands, 5,359.8 acres are State Lands and 2,502.06 acres are Fee Lands. The location of the lands of the State of New Mexico which are included within the unit area is set out in particular detail and by distinctive markings on said plat attached to the proposed Unit Agreement.

2. That the lands embraced in the Unit Area were designated by the Acting Director of the United States Geological Survey on October 18, 1949 as logical for inclusion in a unit plan of operation and all of the lands situated in the unit area are believed to be located upon the same geological structure.

3. That said unit agreement has been approved as to form by the Department of the Interior and complies with the regulations of the Secretary of the Interior relative to unit agreements, but contains appropriate provisions for joint control between the Secretary of the Interior and the Commissioner of Public Lands in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands, the Secretary of the Interior, and the New Mexico Oil Conservation Commission. Said proposed Agreement is made subject to the approval of the Commissioner of Public Lands, the Secretary of the Interior, and to the approval of the New Mexico Oil Conservation Commission, after hearing, as provided by law.

4. That the undersigned applicant is designated as Unit Operator under the terms of said Unit Agreement and as such Unit Operator will have the right to carry on exploration and development work in accordance with the terms of said Unit Agreement. That applicant as Unit Operator proposes to commence, within six (6) months from the effective date of the Unit Agreement, a test well for oil and gas upon some part of the lands embraced in the unit area selected by the Unit Operator and to drill said well in accordance with the terms of said Unit Agreement to a depth of not less than 4,000 feet, unless oil or gas in paying quantities is encountered at a lesser depth, or to such a depth as further drilling would not be warranted.

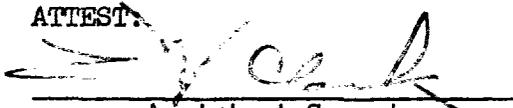
5. That it is believed that operations to be carried on under the terms of said Unit Agreement will promote the economic and efficient recovery of oil and gas to the end that the maximum yield may be obtained from the field or area, if oil or gas should be discovered in paying quantities, and the production is to be limited to such production as may be put to beneficial use with adequate realization of fuel and other values; and it is further believed that such agreement will be in the interest of conservation

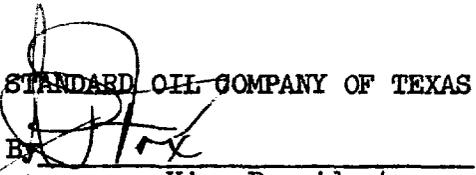
of oil and gas and the prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

6. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement and after the approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Secretary of the Interior of the United States, an approved copy of said agreement will be filed with the New Mexico Oil Conservation Commission.

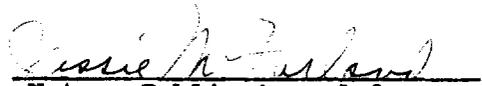
Wherefore, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said Unit Agreement as provided by the Statutes of the State of New Mexico and the regulations of the New Mexico Oil Conservation Commission, and that upon said hearing said Unit Agreement be approved by the New Mexico Oil Conservation Commission.

Respectfully submitted.

ATTEST:   
Assistant Secretary

~~STANDARD OIL COMPANY OF TEXAS~~  
By   
Vice President

SUBSCRIBED and sworn to before me this 27 day of December, 1927.

  
Notary Public in and for  
Harris County, Texas  
JESSIE McFARLAND  
My Commission Expires \_\_\_\_\_

My Commission Expires 6-15.

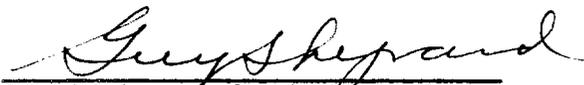
CERTIFICATE OF APPROVAL  
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO, OF UNIT  
AGREEMENT FOR DEVELOPMENT AND OPERATION OF CARRIZOZO UNIT AREA,  
LINCOLN AND SOCORRO COUNTIES, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Carrizozo Unit Area, Lincoln and Socorro Counties, New Mexico, dated January 30, 1950, in which Standard Oil Company of Texas is designated as Operator and which has been executed by various parties owning and holding oil and gas leases embracing lands within the Unit Area and upon examination of said Agreement the Commissioner finds:

- (a) That such Agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said field;
- (b) That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the agreement is in other respects for the best interest of the State;
- (d) That the Agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis as specified in the agreement.

NOW THEREFORE, by virtue of the authority conferred upon me by Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, as to the lands of the State of New Mexico included in said Carrizozo Unit Agreement, and subject to all of the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

EXECUTED this 8th day of March, 1950.

  
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Commissioner of Public Lands of  
the State of New Mexico

CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the Act approved February 25, 1920, 41 Stat. 437, 30 W.P.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey pursuant to Departmental Order 2365 of October 8, 1947, 43 C.F.R. Sec. 4.611, 12 F.R. 6784, I do hereby:

A. Approve the attached agreement for the development and operation of the Carrizozo Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation set forth in the attached agreement is necessary and advisable in the public interest and is for the purpose of more properly conserving the natural resources of the unit area.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated APR - 6 1950

  
Acting Director, United States  
Geological Survey